Identity's Impact on Marketing Decision-Making

Special Report Q3 2021

ad exchanger

Insights | Analysis | Benchmarks

Survey of Ad Tech Companies, Agencies, Publishers and Brands

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Introduction

AdExchanger presents *Identity's Impact on Marketing Decision-Making:* **Digital marketing executives reveal the impact that identity issues have on their marketing decisions**

There was a collective sigh of relief across the advertising industry when Google said it would delay third-party cookie deprecation in Chrome until late 2023 – but Google's decision only kicked the can down the road.

Digital advertising professionals still need to grapple with these impending changes – and the sooner the better.

AdExchanger's Q3 2021 special report explores *Identity's Impact on Marketing Decision-Making* through data collected directly from the decision makers themselves. Digital ad pros get real about how shifting industry timelines and policies regarding identity affect their future planning and their day-to-day activities.

AdExchanger surveyed ad tech providers, agencies, publishers and brands to develop this study, which includes insights and benchmarks on:

- What motivates the development and testing of identity solutions
- The direct impact of recent Google and Apple policy changes
- How buyers and sellers use first-party data
- The platform changes and other key issues that influence customer, user and audience relationships

This report provides a mix of quantitative survey data and write-in comments to open-ended questions.

The analysis is based on survey responses from 309 digital advertising professionals representing a wide cross-section of all segments of the industry. The survey was conducted in August 2021.

In some of the data tables, the totals may not add up to 100% due to multiple choice options or rounding. AdExchanger thanks all of the respondents for their invaluable contribution to the study.

Executive Summary

Uncertainty related to identity will continue to reshape the digital advertising industry – and the industry must adapt.

But one thing is certain: Change is here.

The platforms are making major policy changes, from the end of third-party cookies – 2023 is coming sooner than you think – to Apple's requirement that developers use its opt-in for all app tracking. At the same time, regulators around the world have their collective eye trained on privacy and data collection practices.

As the new identity infrastructure ecosystem emerges in response, end-user identity issues will remain a top concern for all segments of the digital advertising industry.
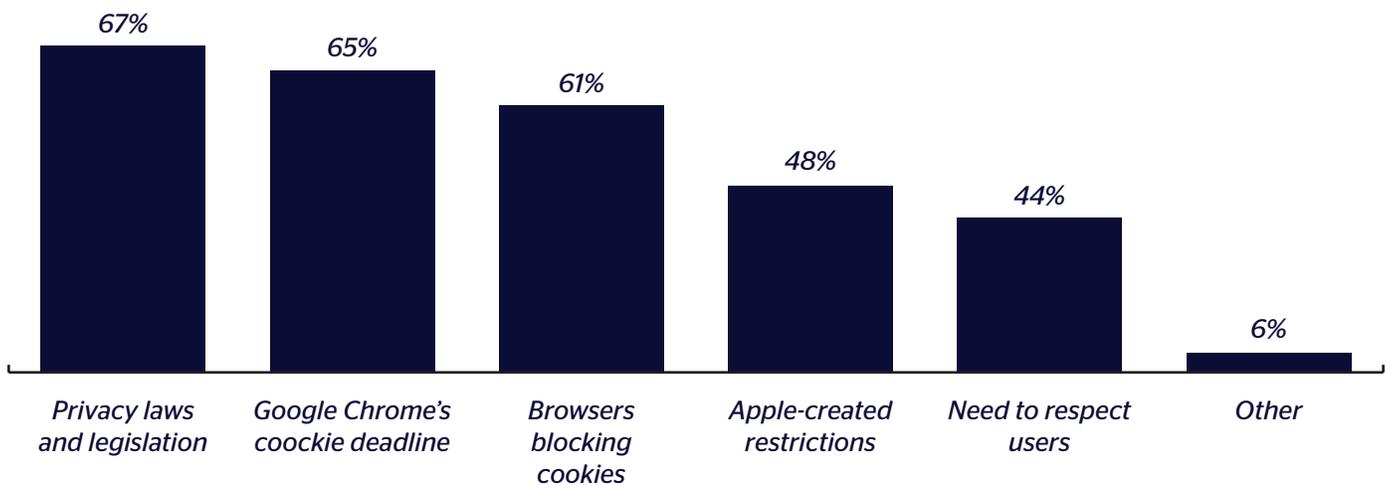
Read on for key insights from this new research.

Insight #1 – Privacy laws and Google Chrome's cookie deadline are the top issues driving the development and testing of new identity solutions

The survey asked digital advertisers and ad tech providers what's motivating them to test and build new identity solutions.

The top motivator, according to 67% of the survey respondents, is privacy laws and legislation. Google Chrome's cookie deadline, the second most selected factor, was noted as a key motivator by 65% of the respondents. The need to respect users (44%) is last on the list of change drivers.

## Top Issues Motivating Use of New Identity Solutions

Bar chart data:
- Privacy laws and legislation: 67%
- Google Chrome's coockie deadline: 65%
- Browsers blocking cookies: 61%
- Apple-created restrictions: 48%
- Need to respect users: 44%
- Other: 6%

Insight #2 – Google Chrome's cookie removal delay hasn't changed most industry road maps and schedules

A large percentage of the industry, 78%, say the Chrome delay has not changed their schedule. Still, 12% say their plans have been accelerated as a result of the Chrome timeline extension, and 10% indicate this has delayed their plans.

How Google Chrome's Delay to Remove Cookies Changed Road Maps and Schedules

■ *Maintaining current schedule*
■ *Accelerating plans*
■ *Delaying plans*
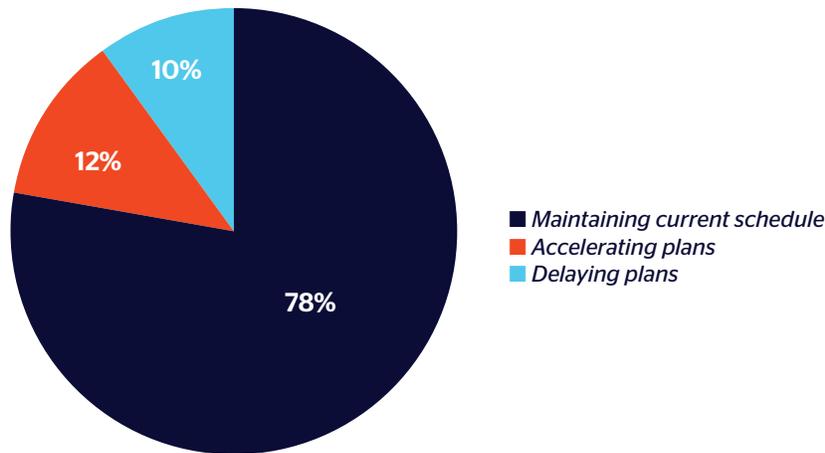
Insight #3 – Apple's recent App Tracking Transparency prompt has reduced scale for over half of the survey respondents

Apple is now requiring apps to request permission to track via its App Tracking Transparency framework. AdExchanger asked digital advertisers if they have experienced challenges related to this switch. Just over half (55%) of respondents indicated they are experiencing reduced scale as a result, and just under half (46%) noted they are accessing inadequate data for measurement and attribution.

Impact of Apple's App Tracking Transparency Prompt on Digital Advertisers

55%

46%

21%

Reduced Scale (as a buyer, tech platform or publisher)

Inadequate Data for Measurement/ Attribution

Higher CPMs
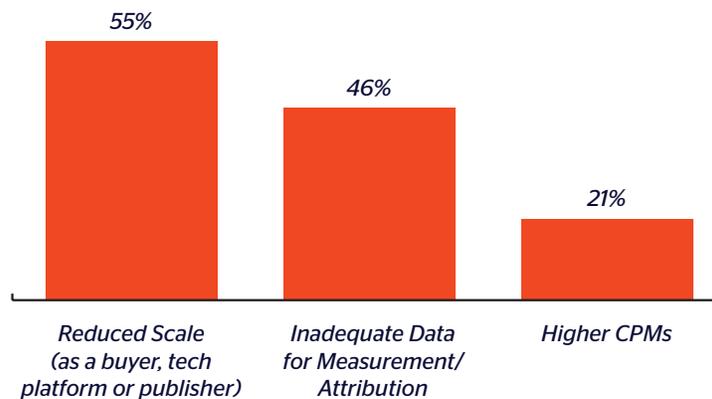
About the Survey Respondents

The respondents are primarily digital marketing executives and managers with ad tech providers, agencies, publishers and brands. A diverse range of job titles and roles are also represented, as seen in the chart below.

Respondents' Job Titles/Roles

C-level	VP	Director	Manager	Strategist	Other
23%	20%	29%	18%	5%	5%

The findings in this Executive Summary offer a high-level view into the study's insights. The next sections offer additional data and analysis.

I. The Drivers Behind Identity Solution Changes

What's Motivating the Testing and Building of New Identity Solutions

Survey Question: What is the biggest motivator to test or build new identity solutions? (Check all that apply.)

These findings suggest that the "stick" is stronger than the "carrot." The top motivator, according to 67% of the survey respondents, is privacy laws and legislation. The second most selected factor is Google Chrome's cookie deadline, which was selected as a key motivation by 65% of the respondents.

The need to respect users (selected by 44%) is last on the list of change drivers, which goes against what many companies publicly state. But there's a nuance here: Some in the industry could argue that cookies already respected users, as they're more anonymous than new and emerging targeting methods. The respondent comments following the data table below help to contextualize these issues.
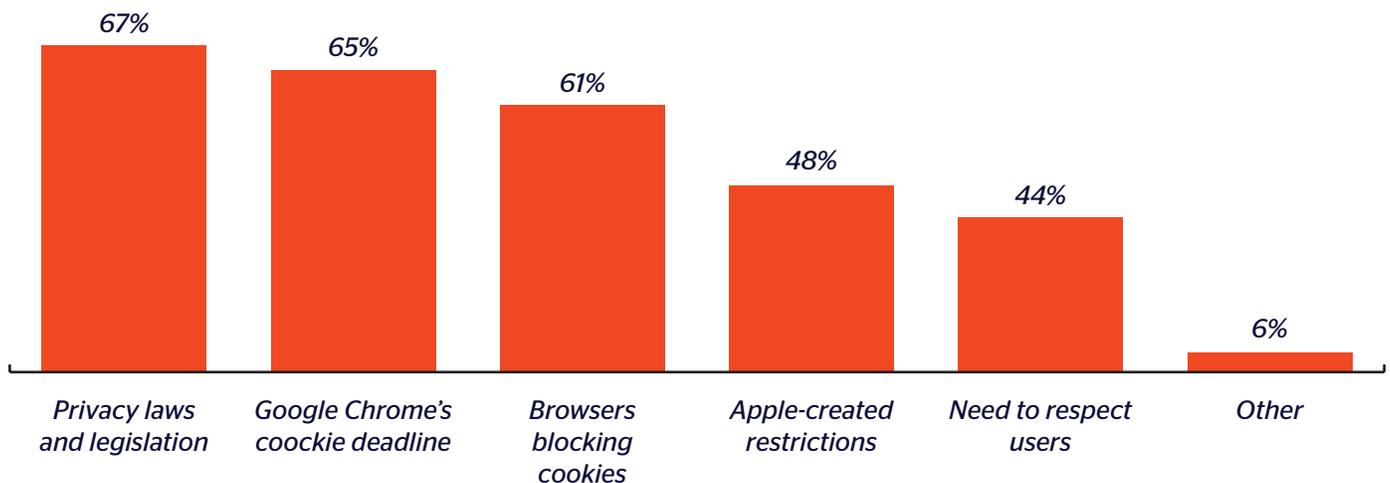
Most of the survey questions allowed respondents to add comments. Below, select comments are grouped by themes in their responses.

Platforms as the biggest drivers of change:

- "All are strong motivators for us, but Google creates an imperative." – C-level, ad tech company."

- "Companies updating their policies seems to be impacting things faster than new regulations." – Manager, agency

> **"All are strong motivators for us, but Google creates an imperative."**
> **– C-level, ad tech company**

Privacy laws as the biggest drivers of change:

- "I think the privacy laws are fair, and done with a lot of due diligence and market involvement." – C-level, ad tech company

- "These are all important, but laws and privacy are paramount." – Manager, ad tech company

> **"I think the privacy laws are fair, and done with a lot of due diligence and market involvement."**
>
> **– C-level, ad tech company**

Loss of identity, as browsers block cookies, as the biggest driver of change:

- "Interruptions to workflow and how campaigns are executed (blocking cookies, etc.) are bigger drivers of exploring new solutions, as it can't be business as usual. Consumer privacy and respect fall under the nice to have category." – Manager, ad tech company

- "Universal signal loss across all key identity elements: IP, cookie, MAID." – VP, ad tech company

- "To improve and redesign attribution to create additional accuracy and efficiency in the market." – VP, ad tech company

Changing the opportunity:

- "No need to test new identity solutions users don't want to be tracked. The quicker this industry realizes it the quicker we can move forward." – C-level, ad tech company
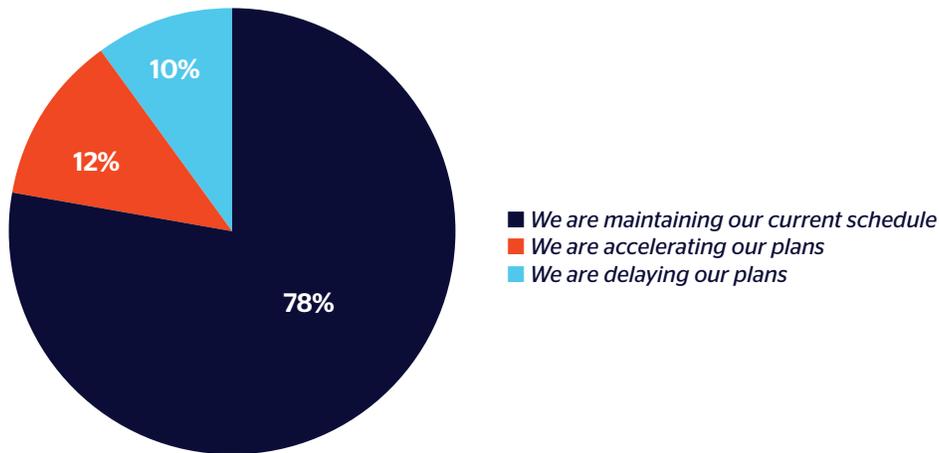
Users come first:

- "All other choices for answers are relevant, but the primary one has to be customer-centric." – Director, publisher

- "The big publishers are moving to subscription-centric businesses; they need more ownership of the user relationship and cannot be at the whim of other tech companies." – Strategist, ad tech company

II. Impact of Google and Apple Policy Changes

How Google Chrome's Delay to Remove Cookies Has Changed Road Maps

Survey Question: How has Google Chrome's 18-month delay to remove cookies changed your overall road map?

A large percentage of the industry, 78%, say Chrome's cookie removal delay has not changed their road map or schedule. Yet, 12% say their plans have been accelerated as a result, and 10% indicate this has delayed their plans.

Pie chart:
- 78% ■ We are maintaining our current schedule
- 12% ■ We are accelerating our plans
- 10% ■ We are delaying our plans

Key themes in the write-in commentary:

• Many are pleased to have more time to plan, test and adjust

• Some note the delay could push out the development of new solutions and standards

• Some have moved to subscription or first-party data models

• Others are making modest changes and tweaks to plans

Publisher comments:

• "We are maintaining, but appreciate having more wiggle room in the calendar." – Director, publisher

Agency comments:

> 66 **"We wanted to test FLoC very badly. Now people seem to be slowing their urgency for new solutions."**
>
> **– Manager, agency**

- "With the additional timeline, there is now time to get this right and actually get the more transformational ideas that capture data through the consumer experience rather than just get the backend identity tactical steps done." – VP, agency

- "We wanted to test FLoC very badly. Now people seem to be slowing their urgency for new solutions." – Manager, agency

Ad tech comments:

> 66 **"The time is a gift, but only to work towards getting it right. If we do not continue to press forward and delay, then we will be in a worse spot than now."**
>
> **– C-level, ad tech company**

- "...and searching more options [now that we have more time]." – C-level, ad tech company

- "It's going to happen. The best thing you can do is use all the time to prepare." – Director, ad tech company

- "The time is a gift, but only to work towards getting it right. If we do not continue to press forward and delay, then we will be in a worse spot than now." – C-level, ad tech company
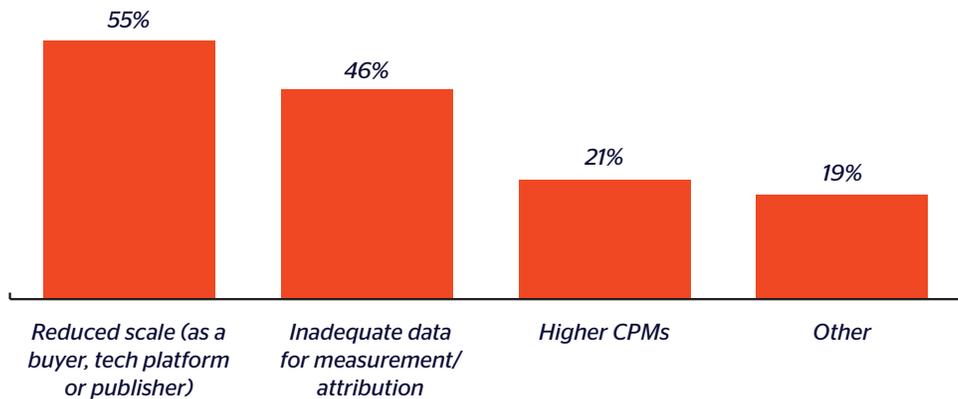
Apple's App Tracking Transparency Prompt

Survey Question: In April, Apple required apps to request permission to track via its App Tracking Transparency prompt. Have you experienced any of the following related to the switch? (Select all that apply.)

Just over half (55%) of respondents indicate they are seeing reduced scale, and just under half (46%) are experiencing inadequate data for measurement and attribution.

Bar chart:
- Reduced scale (as a buyer, tech platform or publisher): 55%
- Inadequate data for measurement/attribution: 46%
- Higher CPMs: 21%
- Other: 19%

Key themes in the write-in responses included loss of data and shifting spend:

Loss of data:

> **"The changes have impacted data segment volumes."**
>
> **– Director, ad tech company**

- "Weaker data signals for targeting." – VP, agency

- "The changes have impacted data segment volumes." – Director, ad tech company

Ad tech comments:

- "Attribution is basically a nonstarter on iOS. The move to probabilistic attribution is make-believe." – C-level, ad tech company

- "General IDFA availability degradation." – VP, ad tech company

Higher CPMs:

- "Higher CPMs for iOS, but more spend in Android." – Director, ad tech company

- "Our iOS network is still running with reduced data and somewhat lower CPMs than previously, but not as much as we'd feared." – Director, ad tech company

> **"Higher CPMs for iOS, but more spend in Android."**
>
> **– Director, ad tech company**

III. Identity Signals, First-Party Data and Audience Relationships

How Less Reliable Identity Signals Are Affecting Media Spend Going to Browsers

Survey Question: As identity signals become less reliable on some browsers, how is that affecting the share of media spend going to web browsers?

Thirty-two percent of the respondents say they are seeing more media spend going to Chrome. Forty-five percent indicate they expect to see less media spend on Safari. Thirty-five percent expect a decrease in spend on Firefox.

	More Spend	Less	Same
Chrome	32%	13%	56%
Safari	9%	45%	46%
Firefox	8%	35%	57%
Other web browsers	10%	17%	73%

The main themes seen in the comments:

Safari's lack of competition makes it a value:

- "iOS traffic is the best deal out there right now for brand building." – C-level, ad tech company

…because many brands are moving away from Safari:

- "For now, brands are shifting money toward measurable environments." – Strategist, ad tech company

- "With the additional IP limitations in Safari, less is going there." – VP, ad tech company

> **"For now, brands are shifting money toward measurable environments."**
> **– Strategist, ad tech company**

Some types of businesses don't feel the browser shift:

- "I'm B2B, so the audiences are different. We have a lot of first party data and IP-based targeting capabilities that B2C does not have." – Strategist, agency

- "We don't focus on browsers but aim to be more contextually relevant at the sacrifice of or lack of third-party data targeting." – VP, agency

> ❝ **"I'm B2B, so the audiences are different. We have a lot of first party data and IP-based targeting capabilities that B2C does not have."**
>
> **– Strategist, agency**

Or, they're insulated from how their DSP reallocates spend:

- "We're agnostic, depends on the DSP and how it bids." – VP, agency

How First-Party Data Is Being Used

Survey Question: How are you using first-party data?

There is a wide spectrum of approaches to using first-party data, from highly sophisticated users to those that are just getting started. These are shown below in both the many themes in the written responses and the select comments from the respondents. One executive summed up how they're using first-party data with one word: "Carefully."

Select write-in comments are grouped below in terms of those that are "crawling," walking" and "running" with their first-party data strategies and usage.

The "crawl" stage

- "In a limited scale, since not many advertisers have their 1PD [first-party data] organized and scaled." – VP, agency

- "Activating CRM first-party data into walled gardens." – Manager, ad tech company

- "We use it to retarget hand-raisers." – C-level, ad tech company

- "Mainly retargeting use cases and for reporting and attribution." – Manager, ad tech company

- "We sit on first-party data in our email and loyalty program work, but have had limited uses for activating first-party in media. With some large clients, they push first-party audiences from Salesforce/Krux or Adobe Audience Manager to our DSPs for us to activate/model with." – VP, agency

- "It's evolving. Exploring clean rooms." – Director, ad tech company

The "walk" stage

Publisher comments:

- "Pretty well. Pre-sale, targeting, post-sale." – VP, publisher

- "Targeting, attribution and personalization." – Director, publisher

- "To better understand our audience, target our audience, acquire a new audience. We are also looking to monetize our first-party data." – VP, publisher

- "As a medical publisher, we use first-party data in many ways to engage with specific users, target our content development efforts, etc." – C-level, publisher

Ad tech company comments:

- "Building CDPs [customer data platforms] and graph extensions of first-party hashed data." – C-level, ad tech company

- "Creating look-alikes and creating 'panels' with those users we are able to track." – Strategist, ad tech company

- "Providing first-party data owners tools to perform attribution on their identifiers." – Manager, ad tech company

- "To better allow publishers, platforms and brands to target, retarget, measure, suppress and frequency cap." – Manager, ad tech company

- "To build cohort-based segments to target and optimize digital media." – C-level, ad tech company

- "We can match first-party data with a clean room and safely build anonymous audiences with our graph." – VP, ad tech company

- "We onboard via clean room(s) and make available via PMPs." – C-level, ad tech company

- "We use it as third-party data. The Google change meant we had to update our tags to get the first-party signals and built a graph to tie the IDs together." – Director, ad tech company

The "run" stage

Publisher comments:

- "Created first-party data audience product. Introduced data science-based look-alike modeling. Revamped taxonomy to be close to IAB segments." – Director, publisher

- "We are a major retail media company. Everything we do is based on our first-party shopper data." – Director, media company

Agency comments:

- "We retarget site visitors across devices such as OTT [over-the-top]/FEP [full-episode player] inventory. We also use clients' CRM databases for prospecting, win-back or pushing users to the phase in the buying cycle." – VP, agency

- "We use first-party data in two ways: to build a person graph (leased from first parties) and to help clients resolve their identity and enrich their first party data in order to build a private identity graph for them." – VP, agency

Ad tech comments:

- "Enabling our publisher partners to leverage it in our SSP." – C-level, ad tech company

- "Customer segmentation and research, adoption tracking, audience targeting, product development, marketing attribution, and business analytics." – VP, ad tech company

- "To reach customers who buy online and offline. And measure outcomes online and offline. It's the foundation to retention and acquisition programs." – VP, ad tech company

- "We are an Identity Resolution company so we manage first-party data on behalf of our clients and make it actionable across the ecosystem." – C-level, ad tech company

Biggest Pain Points in Building "Trusted Relationships With Users"

Survey Question: In building "trusted relationships with users," what is the biggest pain point you encounter?

This was an open-ended question asking for write-in responses. A primary theme often mentioned is the challenge in communicating the reality and value of data collection, privacy and usage to customers, audiences and end users.

Another big hurdle is the lack of direct access to consumers. A number of executives also mentioned that some social platforms and Apple's marketing campaign have poisoned the well in terms of gaining consumer trust. There is also the hassle, complexity and cost of legal compliance.

How to explain the value exchange:

- "How to explain the value exchange and why we want to collect data, succinctly, and without handicapping my clients' business, i.e., not lose out on data!" – Director, agency

- "The fact that people don't read the messages." – Director, publisher

- "Identifying the types of experiences that users actually want to engage with as in many cases users don't naturally have motivation to engage with my brand at a deep enough level to authenticate." – VP, agency

- "Articulating the value exchange of what users get when they opt in to share their data. Even as a marketer, it seems to only help marketers, not the end users." – VP, agency

- "Explaining quid pro quo of the open internet in a consent management prompt, inability to accurately identify users across platforms." – VP, agency

- "The biggest pain point we're currently seeing is the different messaging and opinions put forward by different vendors and companies. This fear mongering from some has played to consumers' lack of understanding of the way data is used." – Manager, ad tech company

Offering enough value (and trust) to encourage someone to share their information:

- "Value-exchange. In the B2B environment it is imperative that the value-exchange be worthwhile. Content has to be better." – VP, agency

- "Lack of understanding of how data is used and what data is used. They think it's the level of their SSN but it's far from it. Media hysteria has contributed to the confusion." – VP, ad tech company

- A lot of the marketing of Apple and other privacy pundits make it sound like we're reselling their data. That's not the case. We need to understand certain aspects of you as a customer in order to provide you with the best possible experience and technical solutions." – VP, ad tech company

- "Suspicion and wild overestimation of what personal data is actually available and what AI can figure out about you. Apple's marketing campaign is throwing gasoline on the fire." – VP, ad tech company

Challenges after the value exchange:

- "As a publisher that doesn't offer on-site login, being able to authenticate users and match a user across all the devices they use to view content makes identity resolution difficult, and lessens our ability to ensure privacy rights of the visitor." – Director, publisher

- "You have to invest a lot of development resources for solutions that are not used nor appreciated by the public." – Director, publisher

- "To achieve and maintain the user consents transparently and with enough reach." – Director, agency

- "Silos within our clients. (Close second: technical limitations of platforms including CMPs.)" – C-level, agency

- "Consistency in how different platforms measure and attribute to impressions without traditional identifiers." – Manager, ad tech company

Lacking a direct relationship to ask someone to share their information:

- "We have a limited ability, as an agency, to directly interact with end users in order to explain the value exchange we provide. Without being able to directly explain the value exchange, and explain what data we have, how we secure it, and the ethics we abide by when using their data, it is difficult to collect and use the data we need to power our systems." – VP, agency

- "We don't really own the relationship with the end user. The publisher owns that relationship, so we're reliant on their positioning, privacy policies, etc." – Director, ad tech company

Being asked by those lacking a direct relationship to piggyback on your data:

- "The pesky identity companies who want to blast our relationships across the web to eke out marginal gains in return for large agency partnerships while paying publishers very little." – VP, publisher

Confusing regulation:

- "Continuous privacy updates and laws/regulations are not consistent or streamlined yet. It's confusing." – VP, publisher

- "Legal clarity. State laws vs. one Federal law." – C-level, agency

Negative consumer perceptions:

- "The negative behavior of big ad tech, such as social platforms, is now getting applied to all of ad tech vendors. The lack of trust with social platforms is now becoming lack of trust to all of ad tech." – VP, ad tech company

- "The significant brand equity Apple has and the campaign investments they're making to herald their misleading definition of privacy." – Director, ad tech company
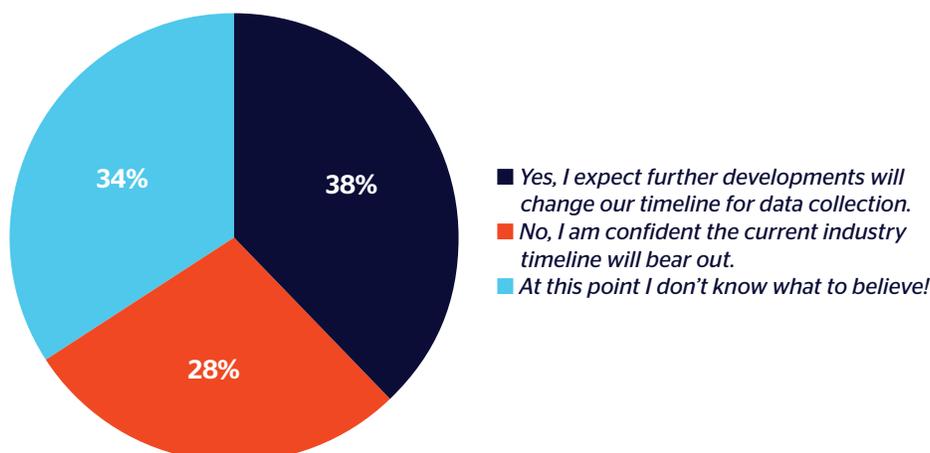
Conclusion: Are Further Timeline Delays Based on External Factors to Be Expected?

Percentage of the Digital Advertising Industry Expecting More Timeline Delays or Changes Based on External Events

Survey Question: Do you anticipate further delays or changes to your timeline based on external events?

In terms of its outlook, the industry splits into three broad groups: Yes, no and maybe.

Thirty-eight percent expect additional external developments to change their timelines, while 28% believe the current industry timeline will stand steady. And sandwiched in between is a third group that's still scratching its head, unsure how the industry timeline and related issues might change.

Pie chart:
- 34%
- 38%
- 28%

■ Yes, I expect further developments will change our timeline for data collection.
■ No, I am confident the current industry timeline will bear out.
■ At this point I don't know what to believe!

Conclusion

The divergent – and almost evenly split – answers to this question suggests that the state of industry uncertainty could last for years.

And big questions remain.

Will the large platforms drive this change? How will those changes impact brands, agencies, publishers and ad tech companies, not to mention end users?

Will the pace of legislative and regulatory development increase and continue to be such a critical motivator of change?

How will ad tech innovation continue to evolve?

And, perhaps most important of all, how will customers, audiences and end users change their online behaviors in response?

Methodology and About the Respondents

In August 2021, AdExchanger conducted a survey of a cross-section of leading digital advertising and marketing companies throughout the industry. The survey received 309 responses. The respondents are primarily digital marketing executives and managers with ad tech providers, agencies and publishers. Brands and consultants were also surveyed. Twenty-three percent of the respondents are C-Levels, 20% are VPs, and 29% are Directors.

Respondents' Company Type

	%
Ad Tech Company	52%
Agency or Consultancy	21%
Publisher	11%
Brand	6%
Other	9%

Respondents' Job Title

	%
C-level	23%
VP	20%
Director	29%
Manager	18%
Strategist	5%
Other	5%

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